

EXHIBIT G

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
EASTERN DIVISION

HONORABLE STEPHEN G. LARSON, JUDGE PRESIDING

COPY

REPORTER'S TRANSCRIPT OF PROCEEDINGS

RIVERSIDE, CALIFORNIA

MONDAY, SEPTEMBER 29, 2008

2:42 P.M.

KYUNG LEE-GREEN, CSR NO. 12655
FEDERAL CONTRACT COURT REPORTER
3470 12TH STREET
RIVERSIDE, CALIFORNIA 92501
(951) 274-0844

1 THE COURT: THANK YOU. THANK YOU VERY MUCH.

2 WAS THERE ANYTHING FURTHER, COUNSEL?

3 MR. LAUSON: YOUR -- YOUR HONOR, PLAINTIFFS
4 ACTUALLY HAVE ABOUT A HALF A DOZEN QUESTIONS FOR MR. SMITH.

5 THE COURT: I'M SORRY?

6 MR. LAUSON: WE HAVE --

7 THE COURT: VERY WELL.

8 MR. LAUSON: -- WE HAVE SOME QUESTIONS FOR

9 MR. SMITH.

10 THE COURT: ALL RIGHT. JUST A -- JUST A FEW
11 MINUTES, THOUGH, COUNSEL.

12 MR. LAUSON: OKAY.

13 THE COURT: 'CAUSE I'M SURE WE'LL HAVE MORE MUCH OF
14 THIS AND THE COURT WILL -- WILL LEAVE ASIDE A LOT MORE TIME,
15 OBVIOUSLY, FOR THE MARKMAN HEARING ITSELF.

16 CROSS-EXAMINATION

17 BY MR. LAUSON:

18 Q MR. SMITH, HOW -- HOW LONG HAVE YOU BEEN WORKING FOR
19 THE DEFENDANT, MAKO PRODUCTS?

20 A I AM A CONTRACTOR -- WELL, I'M NOT CONTRACTOR. I DO
21 WORK FOR THEM ON A PURCHASE ORDER BASIS, SOMETIMES A VERBAL
22 REQUEST IN INFERENCE. BUT CERTAINLY SINCE ABOUT 2003, I
23 BELIEVE.

24 Q OKAY. AND COULD YOU PLEASE SUMMARIZE, IN JUST A LITTLE
25 MORE DETAIL, WHAT TYPE OF WORK YOU'VE DONE FOR THEM SINCE

1 2003.

2 A I DESIGNED THE ELECTRONICS --

3 MR. WARWICK: YOUR HONOR, THERE'S BEEN A DEPOSITION
4 TAKEN IN THIS CASE ALREADY OF MR. SMITH. THESE QUESTIONS
5 WERE ASKED. I DON'T -- IF I'M GOING TO BE ABLE TO ASK
6 QUESTIONS OF MR. GROBER, WE CAN GO FORWARD. BUT I DIDN'T
7 UNDERSTAND THAT THAT WAS PART OF THE PROCESS. IF WE WANT TO
8 DO THAT --

9 THE COURT: WELL, I'LL -- I'LL GIVE A LITTLE BIT OF
10 LEEWAY HERE SINCE YOU SPENT SOME TIME GOING OVER HIS -- HIS
11 BACKGROUND GOING BACK TO THE 1970'S JUST TO PUT SOME -- PUT
12 IT IN PERSPECTIVE.

13 BUT, COUNSEL, REALLY, THIS REALLY DOESN'T GO SO
14 MUCH TO EDUCATING THE COURT AS IT DOES -- IT'S A -- I'LL --
15 I'LL -- I'LL GIVE YOU A MINUTE OR SO WITH THIS, BUT THEN
16 LET'S MOVE ALONG.

17 BY MR. LAUSON:

18 Q OKAY. WELL, FOR EXAMPLE, FOR DESIGNING THE ACCUSED
19 INFRINGING MAKO PRODUCT, APPROXIMATELY HOW MUCH WERE YOU
20 PAID BY DEFENDANT, MAKO PRODUCTS?

21 A I WAS PAID FOR THE HARDWARE AS OPPOSED TO THE HOUR. I
22 BELIEVE IT WAS A SUM OF ABOUT \$18,000.

23 Q ALL RIGHT. AND -- AND YOUR ARRANGEMENT WITH -- WITH
24 MAKO, IS THERE ANY PROFIT-SHARING OR ANYTHING LIKE THAT
25 GOING FORWARD?

1 A THERE'S A ROYALTY AGREEMENT, YES.

2 Q AND WHAT ARE THE DETAILS OF THAT ROYALTY AGREEMENT?

3 A I GET FIVE PERCENT OF -- THE ROYALTY AGREEMENT ITSELF
4 SAYS THAT I GET FIVE PERCENT OF THE GROSS INCOME OF MAKO
5 HAS -- OR I'M SORRY -- MY CORPORATION GETS FIVE PERCENT. I
6 PERSONALLY DO NOT GET IT.

7 Q OKAY. AND SO YOUR CORPORATION HAS A DIRECT FINANCIAL
8 STAKE IN THE OUTCOME OF THE LITIGATION; IS IT FAIR TO SAY
9 THAT?

10 A NO. BECAUSE I DON'T KNOW WHAT THE POSSIBLE RANGE OF
11 OUTCOMES ARE AND HOW IT AFFECTS ME.

12 Q WELL, IN OTHER WORDS, IF -- IF MAKO LOSES THE CASE AND
13 MAKO GETS ENJOINED AND THEY CAN'T SELL THEIR PRODUCT
14 ANYMORE, YOU STAND TO LOSE SUBSTANTIAL AMOUNTS OF MONEY
15 GOING FORWARD; IS IT -- IS THAT -- IS THAT TRUE?

16 A IF YOU CALL A MINOR -- THE MINOR ROYALTY THAT I GET AS
17 SUBSTANTIAL, YES, PERHAPS IT'S COULD BE SUBSTANTIAL.
18 COMPARED TO THE -- THE INCOME OF, SAY, LEGAL PEOPLE, IT IS
19 RATHER INSUBSTANTIAL.

20 Q ALL RIGHT. THANK YOU.

21 THE COURT: ALL RIGHT. VERY GOOD. WELL, COUNSEL,
22 I APPRECIATE YOUR EFFORTS. I HAVE GLEANED THE -- A MUCH
23 BETTER UNDERSTANDING AT LEAST OF THE TERMS AND THE -- THE
24 PRODUCT IN QUESTION. SO I APPRECIATE YOUR EFFORTS HERE. I
25 LOOK FORWARD TO SEEING YOU ALL NEXT MONTH AT THE -- AT THE